TECT Consumer Trust

Financial Statements

for the year ended 31 March 2025

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Directory
as at 31 March 2025

Trustees	M Arundel, Chairperson	
	K Barry-Piceno, Deputy Chairperson	
	P Blackwell	
	R Gemming	
	D Brash	Elected November 2024
	G Brownless	Elected November 2024
	W Holland	Retired November 2024
	P Farmer	Retired November 2024
Chief Executive	W A Werder	
Address	The Kollective Historic Village 145 Seventeenth Avenue Tauranga	
Accountants	KPMG Level 2 247 Cameron Road Tauranga	
Auditors	Silks Audit Whanganui	
Solicitors	Sharp Tudhope Tauranga	

Trustees approval of financial statements

The Trustees are pleased to present the approved financial statements including historical financial statements of TECT Consumer Trust for the year ended 31 March 2025.

Trustee

Trustee

Dated this 31 day of July 2025

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2025

	Notes	2025 $	2024 $
Income			
Finance income	2	14,321,336	17,489,789
Non-assessable income		-	2,695
Rebate obligation - churn and assumption changes	7	83,722,651	-
Total income		98,043,987	17,492,484
Expenses			
Administration expenses	3	677,273	442,338
Finance expenses	4	9,038,764	6,960
Total expenses		9,716,037	449,298
Profit/(loss) before tax, and gain on sale of shares		88,327,950	17,043,186
Profit/(loss) before taxation		88,327,950	17,043,186
Tax expense	5	(4,546,043)	(4,858,158)
Net profit/(loss) for the year		83,781,907	12,185,028
Other comprehensive income			
Fair value gain/(loss) on investments		-	-
Total other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**83,781,907**	**12,185,028**

Statement of changes in equity

for the year ended 31 March 2025

	Notes	Trust Equity
Balance at 1 April 2023, as previously reported		1,277,592
Impact of prior period adjustment	7	65,903,624
Restated Balance at 1 April 2023		**67,181,216**
Total comprehensive income/(loss) for the year		12,185,028
Restated Balance at 31 March 2024		**79,366,244**
Total comprehensive income/(loss) for the year		83,781,907
Balance at 31 March 2025		**163,148,151**

Statement of financial position

as at 31 March 2025

	Notes	2025 $	2024 $ *Restated
Current assets			
Cash and cash equivalents		134,665	453,533
Accrued interest		4,791,302	4,657,340
Goods and services tax		22,820	38,100
TECT Community Trust loan receivable	8	20,679,953	15,378,942
Total current assets		25,628,741	20,527,915
Non-current assets			
TECT Community Trust loan receivable	8	291,945,042	312,026,770
Deferred tax	5	4,288	4,620
Total non-current assets		291,949,330	312,031,390
Total assets		**317,578,071**	**332,559,305**
Current liabilities			
Trade and other payables		48,929	95,833
Provision for taxation	5	1,143,962	4,859,643
Accrued expenses		12,995	14,000
Provision for distributions	6	87,734	99,734
Rebate obligation- current portion	7	17,962,061	12,888,393
Total current liabilities		19,255,680	17,957,603
Non-current liabilities			
Rebate obligation - non-current portion	7	135,174,244	235,235,460
Total non-current liabilities		135,174,244	235,235,460
Total liabilities		**154,429,925**	**253,193,064**
Net assets		**163,148,151**	**79,366,244**
Equity			
Accumulated profits		163,148,151	79,366,244
Total equity		**163,148,151**	**79,366,244**

***The comparative information has been restated, see note 7.**

Statement of cash flows

for the year ended 31 March 2025

	2025 $	2024 $
Cash flows from operating activities		
Interest, dividends and other investment receipts	14,187,374	15,127,687
Cash received from other operating activities	-	2,695
Payments to suppliers and Trustees	(725,183)	(414,484)
Taxes paid	(8,246,112)	(4,857,046)
Net cash from operating activities	5,216,079	9,858,852
Cash flows from investing activities		
Loans receivable repaid	14,780,717	12,318,274
Net cash from investing activities	14,780,717	12,318,274
Cash flows from financing activities		
Payments to consumers (including grants)	(20,315,661)	(22,044,865)
Net cash from financing activities	(20,315,661)	(22,044,865)
Net (decrease)/increase	(318,865)	132,261
Opening cash and cash equivalents	453,533	321,273
Closing cash and cash equivalents	134,665	453,533
Made up of:		
Bank balances	134,665	453,533
Total cash and cash equivalents	134,665	453,533

Notes to the financial statements

for the year ended 31 March 2025

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Reporting entity

TECT Consumer Trust is a trust formed and domiciled in New Zealand at 145 Seventeenth Avenue, Tauranga. As required by its Trust Deed, TECT Consumer Trust complies with the financial reporting requirements of the Financial Reporting Act 2013.

Background

The TECT Consumer Trust was established under a Trust Deed on 21 December 1993 as a consequence of the Tauranga Electric Power Board's Establishment Plan.

The Trustees of the Trust shall at any time be those same persons who are validly elected, or appointed, and continuing in the office of a TECT Community Trust Trustee pursuant to the TECT Community Trust Deed at any time.

The purpose of the TECT Consumer Trust is to service long term rebate obligations for **eligible** consumers. As 31 March 2025, the rebate obligation was funded from interest and principal repayments on the loan to TECT Community Trust.

Basis of Preparation

Measurement Base

The accounting principles recognised for the measurement and reporting of financial performance and financial position are on an historical cost basis, or as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

The information has been presented in New Zealand dollars, which is also the functional currency of the Trust, rounded to the nearest dollar.

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalent to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR") as appropriate for profit oriented entities. Trustees have determined that TECT Consumer Trust does not meet the definition of a public benefit entity. This is because the majority of distributions are in the form of financial returns to beneficiaries. In addition, TECT Consumer Trust's Trust Deed defines 'Consumers' very strictly and therefore limits benefits to a very specific and narrow section of the public. For this purpose the Trust has designated itself as 'profit oriented'.

Application of the Reduced Disclosure Regime

TECT Consumer Trust, has previously elected to report under NZ IFRS. TECT Consumer Trust has adopted the Reduced Disclosure Regime (RDR) applicable for Tier 2 entities. This has resulted in a reduction of disclosures for items such as financial instruments, reconciliation of net cash flow from operating activities to profit and loss in the Statement of Cash Flows and disclosure of accounting policies not yet effective and not early adopted. Since the RDR changes only impact presentation aspects, there is no impact on comprehensive income.

There has been a prior period restatement and a change in methodology in relation to the rebate obligation in the 2025 year. All other accounting policies have been consistently applied by TECT Consumer Trust for all periods covered by these financial statements.

These financial statements were authorised for issue by the Trustees on 31 July 2025.

Notes to the financial statements
for the year ended 31 March 2025

Use of Estimates and Judgements
The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. In making these judgements, estimates and assumptions concerning the future are made. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

- Rebate Obligation
NZ IFRS requires that if there is a change in the timing or amount of estimated cash flows, then the gross carrying amount of the amortised cost of the rebate obligation is adjusted in the period of change to reflect the actual and revised estimated cash flows. This requires Trustees to make judgements based on a range of assumptions - refer note 9. Trustees must apply judgement in assessing likely outcomes.

- Impairment of Assets
NZ IFRS requires that assets are carried at no more than their recoverable amount. This requires Trustees to make judgements regarding amounts recoverable and provisions for impairment. Trustees must apply judgements in assessing likely outcomes.

Status of Accounting Standards
There were no new standards or interpretation issued that were mandatory for the current reporting period. As a result there were no changes in these financial statements as a result of adopting the new Accounting Standards. Other issued standards and amendments that are not yet effective are not expected to have an impact on the financial statements.

Significant Accounting Policies
The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied consistently to all periods presented in the financial statements and consistently by the Trust.

Taxation
Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Notes to the financial statements
for the year ended 31 March 2025

Goods and Services Tax
These financial statements have been prepared on a GST exclusive basis. TECT Consumer Trust is registered for GST and GST payable or receivable by these entities are shown in the Statement of Financial Position. Accounts receivable and payable are shown inclusive of GST.

Financial Instruments
Financial instruments are recognised in the Statement of Financial Position when the TECT Consumer Trust becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

TECT Community Trust Loan receivable
The TECT Community Trust Loan receivable is initially recorded at fair value. Subsequently it is measured at amortised cost using the effective interest method.

All other financial instruments are shown at values equivalent to their fair values, excluding the rebate obligation which is recorded at amortised cost.

Financial Liabilities
TECT Consumer Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. TECT Consumer Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Income
Income comprises interest income on funds invested in financial assets, distributions received and other income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance Expenses
Finance expenses comprise interest expense on borrowings and are recognised in profit or loss.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, current accounts, deposits held at call with banks and other short-term liquid assets of less than 90 days not forming part of the investment portfolio.

TECT Consumer Trust has a credit card facility with a limit of $10K.

Notes to the financial statements
for the year ended 31 March 2025

Impairment of Assets
The carrying amounts of assets other than those at fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss.

Estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Provisions
A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions represent expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Notes to the financial statements
for the year ended 31 March 2025

2 Finance income

	2025 $	2024 $
Interest	14,321,313	15,009,058
Interest - IRD	23	1,219
Rebate obligation - effective interest adjustment	-	2,479,512
	14,321,336	17,489,789

3 Administration expenses

	2025 $	2024 $
Audit fees	13,433	11,875
Management fees incurred	504,500	252,753
Rebate distribution costs	-	145,533
Other administration expenses	159,340	32,178
	677,273	442,338

4 Finance expenses

	2025 $	2024 $
Bank fees	6,482	6,960
Rebate obligation - effective interest adjustment	9,032,282	-
	9,038,764	6,960

5 Taxation

Tax recognised in profit or loss		2025 $	2024 $
Profit/(Loss) before taxation		88,327,950	17,043,186
Add	Non-deductible expenses	9,170,587	160,713
	Timing difference for tax	(1,005)	4,500
		97,497,532	**17,208,399**
Less	Non-assessable income	(83,722,651)	(2,482,207)
Taxable income/(loss)		**13,774,881**	**14,726,192**
Current tax charge		4,545,711	4,859,643
Income tax expense/(benefit)		**4,545,711**	**4,859,643**
Tax expense comprises			
Current tax		4,545,711	4,859,643
Deferred tax		332	(1,485)
Tax expense per Statement of Comprehensive Income		**4,546,043**	**4,858,158**
Provisional tax paid		**(3,401,749)**	**-**
Tax payable (refund) per Statement of Financial Position		**1,143,962**	**4,859,643**
Provisional tax paid after balance date		**(1,700,875)**	**(5,060,536)**
Tax payable (refund) due		**(556,913)**	**(200,893)**

In March 2024, the Bill to increase the trustee tax rate from 33% to 39% received royal assent and took effect from the 2024/25 income year. This triggered an application to the IRD to seek exemption from the 39% trustee tax rate change, on the basis that TECT Consumer Trust falls under the definition of a 'lines trust' for tax purposes.

During the 2025 year, the Trust received confirmation that it falls under the definition of a 'lines trust' and on that basis, the IRD have confirmed that the effective tax rate applied is 33%.

Notes to the financial statements
for the year ended 31 March 2025

5 Taxation (continued)

Deferred Tax Asset/(Liability)
Deferred tax shown in the Statement of Financial Position arises from revaluation of financial instruments to fair value.

	2025 $	2024 $
Opening deferred tax	4,620	3,135
Deferred tax adjustments through profit or loss		
Deferred tax on tax losses	-	-
Deferred tax on accrued expenses	(332)	1,485
Closing deferred tax	**4,288**	**4,620**

Deferred tax assets and liabilities are attributable to the following:

2025	**Assets**	**Liabilities**	**Net**
Tax losses	-	-	-
Loans and receivables	4,288	-	4,288
Tax assets (liabilities)	4,288	-	4,288
Net tax assets (liabilities)	**4,288**	**-**	**4,288**

2024	**Assets**	**Liabilities**	**Net**
Tax losses	-	-	-
Loans and receivables	4,620	-	4,620
Tax assets (liabilities)	4,620	-	4,620
Net tax assets (liabilities)	**4,620**	**-**	**4,620**

6 Provision for distributions

	2025 $	2024 $
Balance at beginning of year	99,734	102,772
	99,734	102,772
Less distributions paid	(12,002)	(3,040)
Balance at end of year	**87,734**	**99,734**
Distributions not yet uplifted		
Direct consumer distributions - prior years carried forward	87,734	99,734
	87,734	**99,734**

Following the establishment of the rebate obligation in the 2023 financial year (refer note 7), rebates paid are recorded against this liability per note 7. Any rebates paid prior to this are reflected in the above provisions (note 6). These reflect the liability for prior year rebates unclaimed by consumers.

Notes to the financial statements
for the year ended 31 March 2025

7 Rebate obligation

	2025	2024 *Restated
	$	$
Balance at beginning of year	248,123,853	338,548,816
Less rebates written back	74,071	45,173
	248,197,924	338,593,989
Less rebates paid	(20,371,250)	(22,087,000)
Impact of prior period adjustment	-	(65,903,624)
Impact of change in assumptions	(83,722,651)	-
Effective interest adjustment	9,032,282	(2,479,512)
Balance at end of year	**153,136,305**	**248,123,853**
Current portion of rebate obligation	17,962,061	12,888,393
Non-current portion of rebate obligation	135,174,244	235,235,460

TECT Consumer Trust, (TECT) has an obligation to pay a fixed rebate to eligible beneficiaries who previously had energy contracts with Trustpower and continue to be beneficiaries at the rebate payment date.

TECT pays out these rebates using its available assets and interest income from a loan that it provided to TECT Community Trust (TCommT). If there are any surplus assets in TECT after 2050, the money will be transferred to TCommT.

The rebate obligation is a financial liability accounted for at amortised cost. The financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition. Fair value was determined on the present value of the future rebate obligations, adjusted for expected attrition.

During the 2025 year, it was established that actual churn rates have been higher than previously modelled which has resulted in a change to the rebate methodology. As at 31 March 2025, the rebate obligation has been updated for the revised methodology, which has been reflected via the profit & loss.

*As part of this change in estimates, it was also agreed upon to remove the tax and operating cashflows from the previously modelled obligation, which has resulted in a prior period adjustment recorded via opening accumulated funds and the rebate liability in the balance sheet.
For financial reporting purposes, the financial liability shows a closing balance of $153.1M as at 31 March 2025. However this is the discounted value of the financial liability based on the present value of future cashflows. The nominal closing balance of the financial liability is $224.7M, which reflects that TECT will have retained funds which are sufficient to pay the rebates out to eligible beneficiaries up until 31 December 2050.

Notes to the financial statements
for the year ended 31 March 2025

8 Related party transactions

Trustees of TECT Consumer Trust are also trustees of TECT Community Trust. Given the common ownership and the dependency on funding between the two entities, they are considered related parties. All transactions with related parties are undertaken in the normal course of business on normal commercial terms.

TECT Consumer Trust has a management agreement with TECT Community Trust. Management fees of $504,000 (net of GST) have been charged by TECT Community Trust for the period ended 31 March 2025 (2024: $252,753).

TECT Consumer Trust entered into a loan agreement with TECT Community Trust. Interest was incurred at 4.5% of $14,311,723 during the year 31 March 2025 (2024: $14,996,565).

Loans to related entities

	2025	2024
TECT Community Trust	$	$
Opening balance	327,405,711	339,723,985
Repayments	(14,780,716)	(12,318,274)
Closing balance	**312,624,995**	**327,405,711**
Current portion of advance	20,679,953	15,378,942
Non-current portion of advance	291,945,042	312,026,770

9 Commitments and contingencies

TECT Consumer Trust has retained assets which, based on current financial projections, are sufficient to pay rebates to eligible beneficiaries until 31 December 2050.

10 Significant events after balance date

Effective 1 April 2025, a variation to the related party loan was negotiated to reduce the interest rate from 4.5% to 0%. Under the current arrangement, TECT is expected to accumulate more capital than what is required to pay the rebates and reducing the interest rate to 0% will more accurately reflect the funding required for TECT's ongoing obligations to its qualifying beneficiaries.

INDEPENDENT AUDITORS REPORT

To the Trustees of TECT Consumer Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TECT Consumer Trust (the Trust) on pages 5 to 16, which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with *New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).*

Basis for Opinion

We conducted our audit in accordance *with International Standards on Auditing (New Zealand) (ISAs (NZ)).* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with *Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Whanganui | Ngāmotu | Taupō | Te Papaioea | Rotorua | Tāmaki Makaurau | Kirikiriroa

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Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A detailed description of the auditors' responsibilities including those related to assessment of risk of material misstatement, evaluation of appropriateness of going concern assumptions and determining key audit matters are available on the external reporting board website: http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

Restriction on Distribution or Use

This report is made solely to the Shareholders, as a body. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees for our audit work, for this report, or for the opinions we have formed.

Other Matter

The financial statements of TECT Consumer Trust for the year ending 31 March 2024 was audited by another auditor who expressed an unmodified opinion on the 27 June 2024



Cameron Town
Silks Audit Chartered Accountants Ltd
Whanganui, New Zealand

Date: 31 July 2025